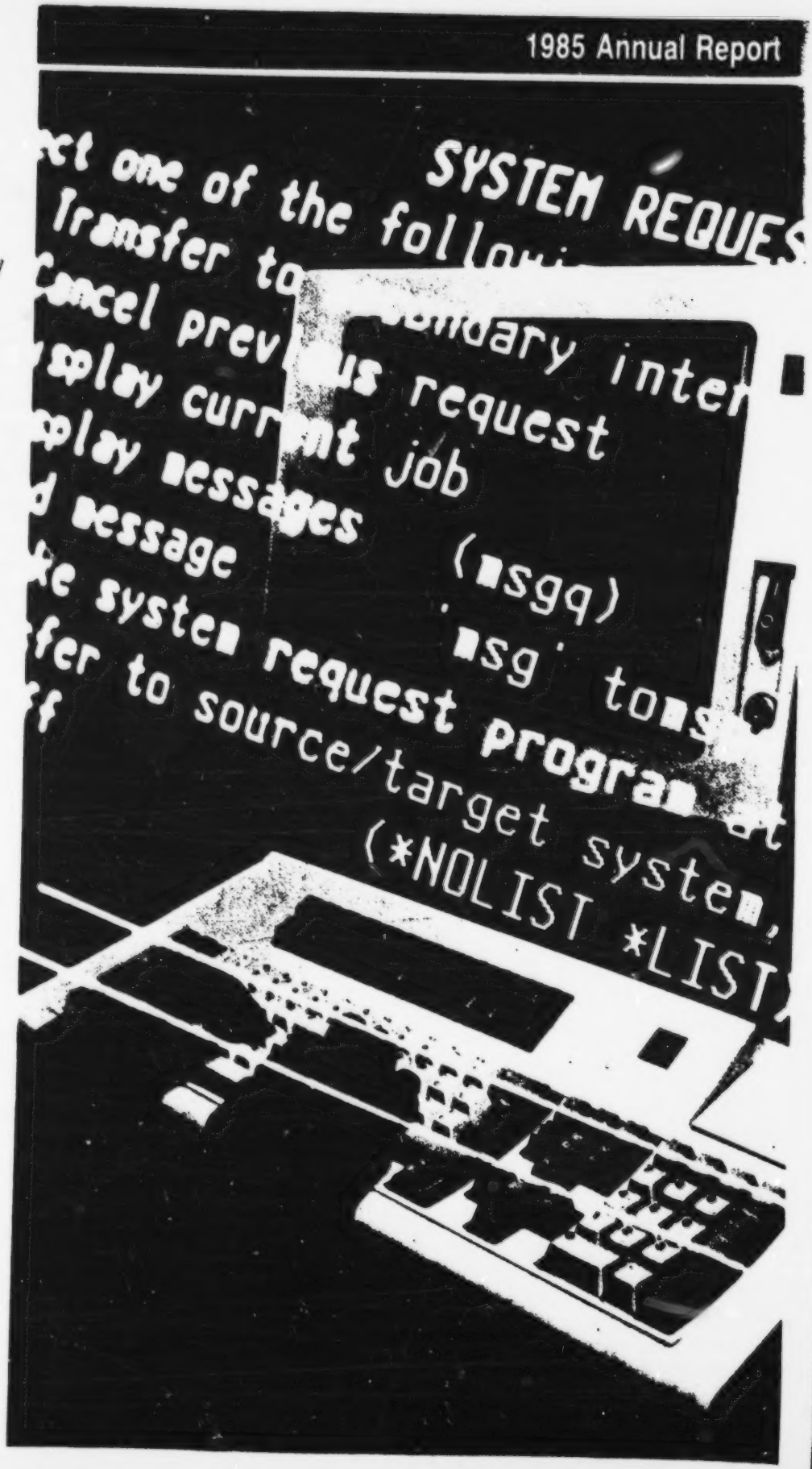
Workers' Compensation Board
Northwest Territories

1985 Annual Report

PETERHEADS ON THE BEACH AT IGLOOLIK, N.W.T.

Photograph courtesy of the Department of Culture and Communications, Government of the N.W.T.

1985 Annual Report



Workers' Compensation Board
Northwest Territories

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J. D. C. MacLean

W. (Bill) Berezowski

A. R. W. Hettrick

MR. JOHN H. PARKER
COMMISSIONER OF THE NORTHWEST TERRITORIES

THE HONOURABLE BRUCE McLAUGHLIN
MINISTER RESPONSIBLE FOR THE
WORKERS' COMPENSATION BOARD

In submitting this report of the Workers' Compensation Board for 1985, I wish to pay tribute to my predecessor who retired from the Board in June of that year. John MacLean was Chairman for ten years. He was the principal author of the legislation which in 1977 established the Board in its present form and set up the Accident Fund. He nursed and protected the Board and the Fund through the first difficult years; when he left, the Northwest Territories had a healthy and well-administered workers' compensation system.

Two other long-time Board Members retired at the end of 1985. Bill Berezowski was a founder member who served as a dedicated representative of workers' interests and brought great good sense and wisdom to the Board for over twelve years. Bill Hettrick was a successful businessman who deserves much of the credit for the Board's very sound financial situation.

In appreciation of the contributions made by these men to the workers' compensation system, I have pleasure in submitting this report of the Board's activities and financial situation.

On behalf of the Board,

Chairman and
Chief Executive Officer

Workers' Compensation Board of the Northwest Territories

1985

Chairman
J.D.C. MacLean
Jan. 1-June 10

Board Members
Willie Adams
Coral Harbour

W. Berezowski
Edmonton

J. Van Brunt
Yellowknife

A.R.W. Hettrick
Yellowknife

Arnold Hope
Fort Simpson

Dale Johnston
Yellowknife

R. Kuptana
Holman

Bryan C. Roberts
Yellowknife
Acting Chairman
June 10-Dec. 31

John Todd
Rankin Inlet

Mike Zubko
Inuvik

1986

Chairman
Michael J. Moore
Yellowknife

Board Members
Jo-Anne Allison
Yellowknife

Ted Carter
Gjoa Haven

Arnold Hope
Fort Simpson

Dale Johnston
Yellowknife

Moseesie Koonoo
Arctic Bay

John Koyczan
Yellowknife

Robert MacLeod
Pine Point

Steven McAlpine
Yellowknife

Bryan C. Roberts
Yellowknife

John Todd
Rankin Inlet

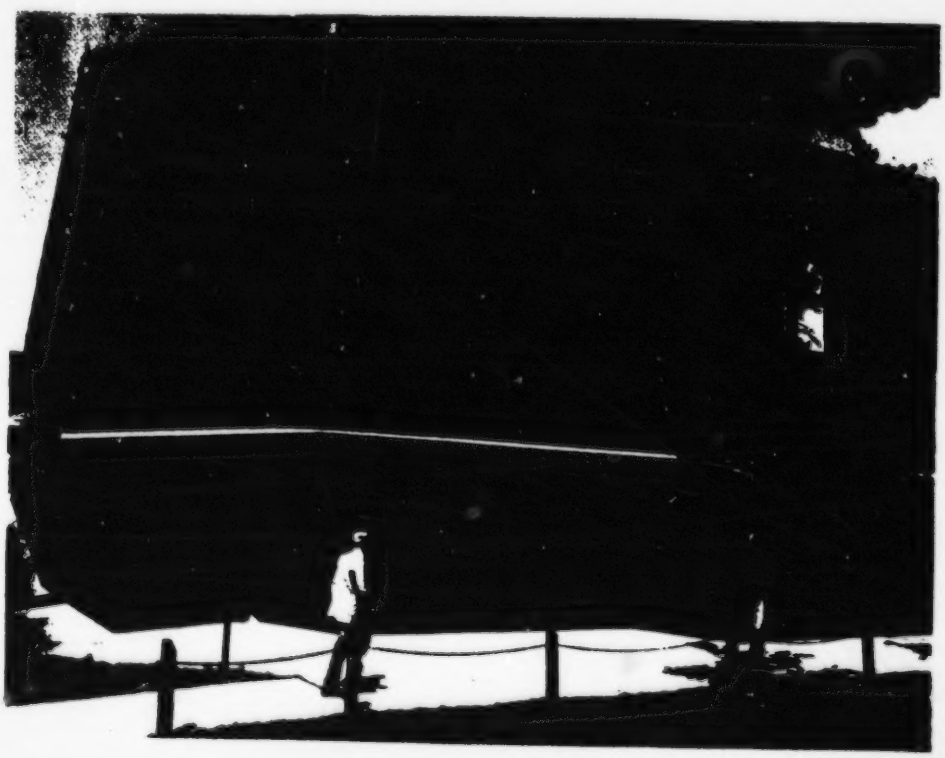
Mike Zubko
Inuvik

Senior Officers
Michael J. Moore
Chief Executive Officer

Bryan C. Roberts
Executive Director

James B. White
Director of Finance

Oscar L. Menard
Director of Claims Services



Report of the Board

ACCIDENT FUND

Workers' Compensation in the Northwest Territories is based on the principles of collective liability and compulsory insurance through a fund established by legislation called the Accident Fund. Revenue to the Accident Fund totalled $26,528,000 in 1985. Of that total, just over $10 million came from investment revenue; the remainder came from employer assessments.

The Board paid out $1,874,353 for medical aid and $3,339,836 in compensation during 1985. $895,000 in hospital and doctors' bills and $1,563,000 of the compensation paid to workers and dependants was for accidents which occurred in 1985; most of the remainder was for established claims arising out of accidents in previous years.

Ongoing payments to the Board's pensioners amounted to $3,059,000. New pensions awarded by the Board during the year, and increases to pensions already established, had a total capitalized value of $5,734,000.

15.9 per cent of the Board's total revenue went to pay administration and general expenses. This is a high proportion in comparison with most other Boards. It is to some extent a reflection of the high cost of doing business in the North (a problem which the Board shares with all employers), and partly it is due to the smaller scale of the Board's operations. Nevertheless, the Board recognizes the need to reduce the cost of administration and to keep general expenses to a minimum. There were some unusual costs in 1985 associated with the introduction of the computer system. These costs will not occur again and should help to reduce the Board's overall administration costs in the long run.

Investments did well in 1985. Investment income, including proceeds from the purchase and sale of bonds and from interest on the bonds themselves, totalled $10,111,000 (compared with just over $8 million in 1984) and amounted to almost 40 per cent of the Board's total revenue. The Board is conscious that its assets are a trust fund and has followed a careful policy of investing within the strict guidelines set by legislation. Almost 80 per cent of the Board's long-term investments are in Government of Canada bonds; the other 20 per cent are in highly rated corporate and provincial bonds. In 1985, these long-term investments brought in a return of 18 per cent, which is a real return to the Accident Fund of 14 per cent above inflation.

At year end, the Board's pension liability, liability for future costs of established claims, contingency reserve and operating reserve together amounted to $77,717,000 and the Board's total assets were standing at $82,046,000.

The Board is well placed financially. Our liabilities are fully funded and employers will not find themselves in future having to pay compensation for accidents that happened in previous years. The reserves are approaching a level which will be adequate to deal with any likely disaster, and the Board can now turn its attention to reducing the overall cost of Workers' Compensation in the Northwest Territories.

ASSESSMENTS

All employers are required to file with the Board by the last day of February a return showing the actual wages paid during the immediate preceding year and an estimate of the payroll for the current year. Assessment is then made on the estimated payroll, subject to adjustments when the actual payroll is submitted the following February.

3,395 employers registered with the Board in 1985 and contributed assessment revenue totalling $18,382,000 of which $1,965,000 was paid back in the form of merit rebates under the safety incentive program. 117 employers were audited during the year; as a result, an additional $257,439 was collected and $125,407 paid back to employers. The Board had to take legal action against 15 employers to recover $80,668 in unpaid assessments.

CLAIMS

The Board received 3,419 claims for compensation in 1985, an increase of 1.9 per cent over 1984. Approximately half of the claims involved some loss of time from work, 217 of them for longer than six weeks. Only 213 claims were denied. There were 12 fatal accidents.

The Year's Maximum Assessable remuneration (Y.M.A.R.), on which benefits are based, was increased by the Legislative Assembly form $26,400 to $30,400 on July 1, 1985. This increased the maximum weekly wage loss compensation for injured workers to $438.46 and the maximum monthly pension for permanently disabled workers to $1,900. The monthly pension for widows went up to $836, with an additional $190 for each dependent child.

However, by the end of 1985, nine Workers' Compensation Boards in jurisdictions throughout Canada had Y.M.A.R.s higher than the Northwest Territories.

REHABILITATION

Rehabilitation of injured workers is an important part of the Board's responsibilities. During 1985, the Board provided rehabilitation assistance to more than 200 workers through various programs, including personal counselling to prepare them for return to work following recovery from an industrial accident or disease.

Vocational rehabilitation services are tailored to suit the particular needs of the individual worker and may include vocational counselling, vocational assessment, work assessment, educational upgrading, formal re-training,

on-the-job re-training, modifications to the work place and job search re-employment assistance. Workers on the job search program receive full compensation benefits for a limited period of time. A re-training allowance is paid to workers who are attending training institutions. Tuition fees and books are also paid for by the Board.

An employer who accepts an injured worker for on-the-job training is subsidized by the Board, usually on a declining scale. As the worker's skills improve, the employer assumes greater financial responsibility until full employment status is reached.

The goal of the vocational rehabilitation program is to help disabled workers to find a useful and satisfying place in the workforce. This is not a matter of creating meaningless jobs. By carefully matching workers and employers, the Board helps injured workers to develop new skills and provides incentives to employers to hire them.

PENSIONS

When a worker is left with a disability as a result of an industrial accident and the disability has been established as being permanent, a pension is awarded to the injured worker. The amount of the pension is based on the degree of physical impairment and the worker's earnings at the time of the accident. 160 pensions were awarded in 1985. 93 of the pensions were commuted to lump sum payments.

In addition to pensions for disabled workers, the Board administers claims on behalf of widows and widowers whose spouses were fatally injured. At the end of 1985, monthly pensions were being paid to 75 widows, 2 foster parents or guardians and 101 dependent children.

The total number of pensions administered by the Board increased from 457 to 601 during the year.

MEDICAL

The Board's Medical Advisor has worked as a consultant to the Board for 11 years. He is assisted by a nurse who helps with a number of duties, the most important of which is to write medical summaries of claimants' files for the use of specialist consultants and other Workers' Compensation Boards.

Accepting or rejecting a claim for compensation is the function of the claims officers, but they frequently ask the Medical Advisor for his opinion. Claimants are often referred to specialists and occasionally the Medical Advisor will communicate with attending doctors. Injured workers who need rehabilitation treatment are referred to rehabilitation centres in the South.

An important part of the medical work is to assess permanent physical impairment. Occasionally, this is done for us by other Boards, especially if the injured worker is living in the south, but it is usually better for the worker to be brought to Yellowknife for the assessment.

The Board has a special interest in Vibration Induced White Finger Disease, and the Medical Advisor is developing examination techniques for assessing workers affected by it. Miners in the Northwest Territories are particularly vulnerable to this disease which, in some cases, has caused serious disability.

LEGAL

The Northwest Territories Board is unique among Workers' Compensation Boards in Canada in being able to take legal action against a third party in an accident, even though the third party is an employer or worker covered by Workers' Compensation in the N.W.T.

Seventeen third party actions were being handled by the Board's Legal Advisor at the end of 1985. It was expected that approximately $500,000 of compensation expenses would be recovered from those actions.

DATA PROCESSING

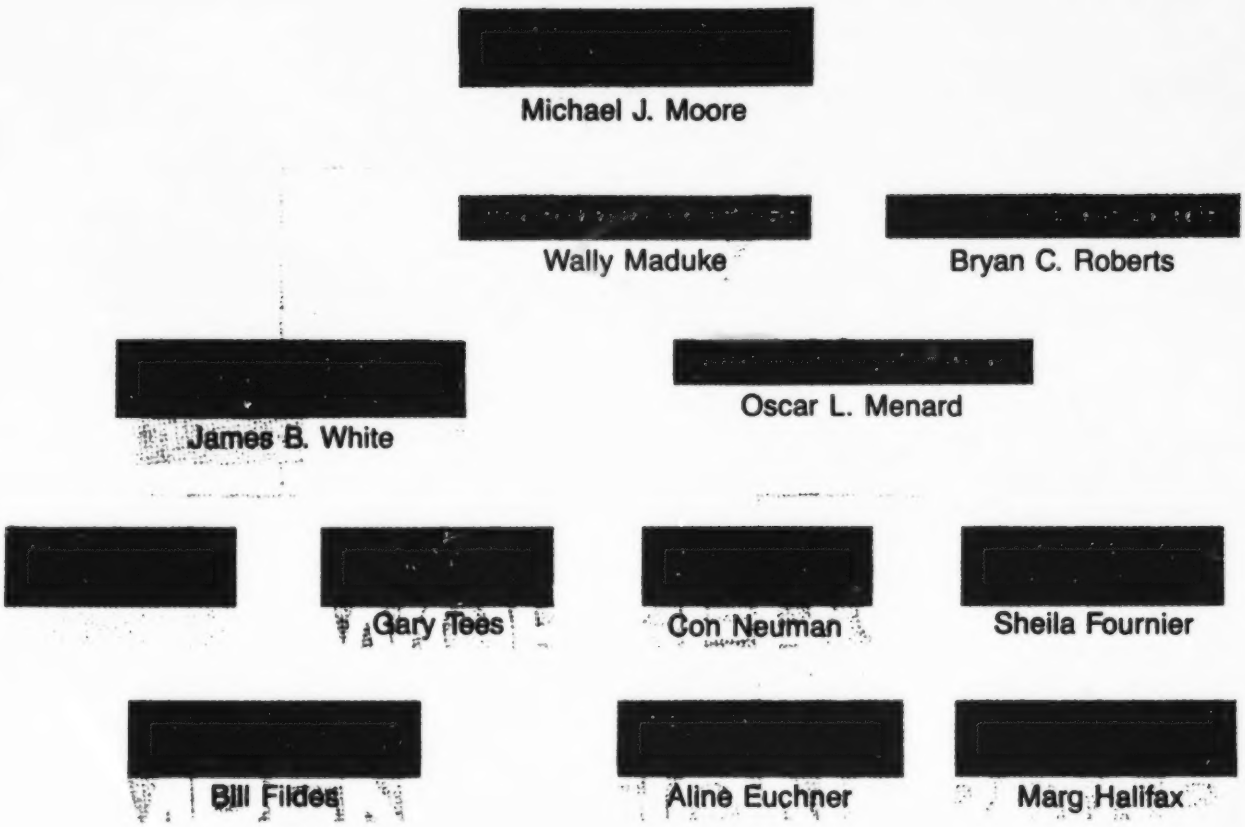
After a long period of consultation and study, the Board authorized the purchase of an IBM System 38 mini-computer, which came into full service towards the end of 1985. Previously, some data processing had been done by contract, but the Board had relied mainly on hand processed paper work.

The benefits of the new system will not be fully realized until 1986, but the advantages of computer processing over manual operations are already quite apparent. Claims are dealt with more efficiently, bills are paid more quickly, information is more readily available, and the amount of paper work is much reduced.

The change-over to computer operations caused difficulties and frustrations for the staff at times, but they remained cheerfully optimistic and determined to make the new system work

STAFF

Of necessity the Board has to delegate many of its responsibilities to the staff. We are fortunate to have people working for the Board whose combined service adds up to many years of experience in the administration of workers' compensation. Their good sense and sound judgement are valuable assets. The Board appreciates the loyalty and enthusiasm shown by the staff throughout 1985.


[redacted]
Michael J. Moore
[redacted]
Wally Maduke
[redacted]
Bryan C. Roberts
[redacted]
James B. White
[redacted]
Oscar L. Menard
[redacted]
[redacted]
Gary Tees
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Con Neuman
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Sheila Fournier
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Bill Fildes
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Aline Euchner
[redacted]
Marg Halifax

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TORONTO, ONTARIO
WORKERS /COMPENSATION BOARD
12 10T STREET
ALBERTA

Management Report

The financial statements in this annual report were prepared by management in accordance with accounting policies appropriate in the circumstances. Management is also responsible for all other information in the report and for ensuring that it is consistent, where appropriate, with the financial statements.

The Board maintains internal financial and management systems and practices which are designed to provide reasonable assurance that reliable financial and non-financial information is available on a timely basis, that assets are acquired economically, are used efficiently to further the Board's aims, and are protected from loss or unauthorized use and that the Board acts in accordance with the laws of Canada and the Northwest Territories.

The Board, through its Audit Committee, is responsible for reviewing and monitoring the Board's management accounting and reporting practices. The Audit Committee meets with management and external auditors to satisfy itself that these responsibilities are properly discharged.

The consulting actuary, Crawford E. Laing, is requested by the Board, pursuant to the Workers' Compensation Act, annually to carry out an evaluation of the Board's liabilities and assessment rates. The Actuary provides advice to the Board as to the adequacy of the provisions for various costs, including pensions and assessment rates.

The Auditor General of Canada annually provides an independent, objective, review of management's discharge of its responsibility to report fairly the operating results and financial position of the Board in accordance with accounting policies deemed appropriate for the operations of the Board. His examination includes a review and evaluation of the Board's system of internal control and appropriate tests and procedures to provide reasonable assurance, in all material respects, that the financial statements are presented fairly. The Auditor General has full and free access to the Audit Committee and meets with it on a regular basis to discuss the results of his examination and the adequacy of financial and management controls.

Michael J. Moore
Chief Executive Officer

James B. White
Director of Finance

Auditor's Report

The Commissioner
Government of the Northwest Territories

I have examined the balance sheet of the Workers' Compensation Board (Northwest Territories) as at December 31, 1985 and the statements of operations and operating reserve and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Board as at December 31, 1985 and the results of its operations and changes in its financial position for the year then ended in accordance with the accounting policies set out in Note 2 to the financial statements applied, after giving retroactive effect to the change in the basis of accounting for employee leave and termination benefits as explained in Note 3 to the financial statements, on a basis consistent with that of the preceding year.

Raymond Dubois, C.A.
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
May 30, 1986

Balance Sheet

as at December 31, 1985

	1985	1984
	(in thousands of dollars)	
Assets		
Cash and short-term investments	$ 15,570	$ 13,785
Assessments receivable	2,218	2,686
Accrued interest receivable	1,607	1,374
Long-term investments (Note 4)	62,212	49,213
Property and equipment (Note 5)	439	371
	$ 82,046	$ 67,429
Liabilities		
Accounts payable (Note 6)	$ 999	$ 902
Assessments refundable	1,365	1,200
Merit rebates payable	1,965	1,640
Pension liability (Notes 7 and 10)	33,749	26,713
Future claims liability (Notes 8 and 10)	21,005	16,794
	59,083	47,249
Reserves		
Contingency (Notes 9 and 10)	15,667	14,440
Operating	7,296	5,740
	22,963	20,180
	$ 82,046	$ 67,429

Approved:

Director of Finance

Approved by the Workers' Compensation Board:

Chairman and Chief Executive Officer

Member

Statement of Operations and Operating Reserve

for the year ended December 31, 1985

	1985	1984
	(in thousands of dollars)	
Revenues		
Assessments	$ 18,382	$ 18,667
Less: Merit rebates (Note 11)	1,965	1,640
	16,417	17,027
Investment revenue	10,111	8,054
	26,528	25,081
Expenses and transfers		
Claims		
Compensation	1,563	1,582
Medical aid	895	811
	2,458	2,393
Transfers to:		
Pension liability (Note 7)	4,749	3,723
Future claims liability (Note 8)	8,761	8,631
Contingency reserve (Note 9)	4,781	5,531
	18,291	17,885
Administration and general (Note 12)	4,223	3,949
	24,972	24,227
Excess of revenues over expenses and transfers for the year	1,556	854
Operating reserve at beginning of the year (Note 3)	5,740	4,886
Operating reserve at end of the year	$ 7,296	$ 5,740

Statement of Changes in Financial Position

for the year ended December 31, 1985

	1985	1984
	(in thousands of dollars)	
Funds provided:		
Excess of revenues over expenses and transfers for the year	$ 1,556	$ 854
Items not requiring outlay of funds:		
Depreciation	129	30
Property and equipment written off	2	80
Transfers to:		
Pension liability	4,749	3,723
Future claims liaibility	8,761	8,631
Contingency reserve	4,781	5,531
	19,978	18,849
Increase in accounts payable and assessments refundable	262	14
Increase in merit rebates	325	40
Total funds provided	20,565	18,903
Funds applied:		
Pensions and claims paid from:		
Pension liability	3,059	2,418
Future claims liability	2,213	2,157
Contingency reserve	545	337
	5,817	4,912
Increase (decrease) in assessments and accrued interest receivable	(235)	609
Property and equipment purchases	199	323
Total funds applied	5,781	5,844
Net funds provided	14,784	13,059
Funds at beginning of the year	62,998	49,939
Funds (cash, short and long-term investments) at end of the year	$ 77,782	$ 62,998

Notes to Financial Statements

December 31, 1985

1. Authority and operations

The Workers' Compensation Board was established under, and is responsible for the administration of, the Workers' Compensation Act, 1977, c.7.

The Board provides compensation for injury or death by accident arising out of and in the course of employment. Assessments are levied upon employers on the basis of a percentage of their assessable payroll to meet the costs of compensation, including claim provisions, and administration.

2. Accounting policies

The more significant accounting policies of the Board are as follows:

(a) *Investments*

Investments are recorded at cost at the time of purchase. Discounts or premiums are amortized on a straight-line basis over the periods remaining to the maturity dates of the investments.

(b) *Property and equipment*

Property and equipment are recorded at cost and depreciated or amortized over their estimated useful life under the straight-line method as follows:

Furnishings	10 years
Equipment	5 years
Leasehold improvements	Over the term of the lease

(c) *Merit rebates*

Under a merit rebate plan established to encourage accident prevention practices among employers, rebates are provided for annually from current assessment revenue and allowed to employers with favourable claims experience over the three years ending in the current fiscal year.

(d) *Pension liability*

The pension liability represents amounts provided to meet the present value, as determined by actuarial valuation, of future payments of pension awards. Except for pension awards for industrial disease, second injury, enhanced disability, and settlements in excess of authorized limits, which are provided from the contingency reserve, all pensions awarded for the current year's claims are provided annually from operations and those awarded for prior years' claims are provided from the future claims liability.

(e) *Future claims liability*

The future claims liability represents amounts provided to meet the present value, as determined by actuarial valuation, of future liabilities, within authorized limits, for unfinalized accident claims in process, accidents which have occurred and have not been reported, and for additional costs arising in future years in respect of prior years' claims. Amounts are transferred annually from operations to provide for the future costs of these claims.

(f) *Contingency reserve*

The contingency reserve represents amounts set aside, as determined by actuarial valuation, to prevent adverse financial consequences to an industry classification as a result of excessive costs of any disaster or extraordinary circumstance including claims costs in excess of authorized limits, increases in pensions awarded and claims for industrial disease, rehabilitation and retraining of injured workers, and enhanced disability including second injury.

(g) *Operating reserve*

The operating reserve is maintained to provide stability to the industry classes rating structure. The reserve is increased or decreased in the amount by which assessment revenue and investment revenue of the industry classes is over or under claims expenses for settlement of accidents occurring during the year within authorized limits, administration and general expenses, and transfers to pension liability, future claims liability and contingency reserve. These transfers include investment revenue allocations based on the average opening and closing balances in these accounts.

(h) *Administration and general expenses*

These expenses, net of assessment penalties and sundry revenue, are allocated proportionately to industry classes on the basis of assessable payroll and assessment revenue applicable to each industry class for the year.

(i) *Investment revenue*

Investment revenue is allocated to liabilities and reserves according to the mean account balances for the year.

3. Change in accounting policy

During the year, the Board adopted an accrual basis of accounting for employee leave and termination benefits. This change resulted in adjustments to administration and general expenses and the opening balances of the operating reserve as follows:

	1985	1984
	(In thousands of dollars)	
Administration and general expenses		
As previously reported	$ 4,193	$ 3,924
Accrued leave and termination benefits expense	30	25
As restated	$ 4,223	$ 3,949
Operating reserve at beginning of the year		
As previously reported	$ 5,929	$ 5,050
Less prior years' adjustment	189	164
As restated	$ 5,740	$ 4,886

4. Long-term investments

	Par Value	1985 Amortized Cost	1984 Amortized Cost
		(In thousands of dollars)	
Government of Canada bonds	$ 48,765	$ 51,065	$ 33,469
Provincial bonds	9,000	9,214	8,394
Corporate bonds	5,100	4,963	9,243
	62,865	65,242	51,106
Less:			
Current portion of long-term investments included in cash and short-term investments	3,000	3,030	1,893
	$ 59,865	$ 62,212	$ 49,213

The approximate market value of investments, including those maturing within one year, as at December 31, 1985 was $68,117,000 (1984 - $51,824,000).

5. Property and equipment

	1985	1984
	(In thousands of dollars)	
Furnishings	$ 108	$ 104
Equipment	491	336
Leasehold improvements	97	59
	696	499
Less:		
Accumulated depreciation and amortization	257	128
	$ 439	$ 371

6. Accounts payable

	1985	1984
	(in thousands of dollars)	
Payroll costs due to Government of the Northwest Territories	$ 575	$ 514
Employee leave and termination benefits liability	219	189
Other payables	205	199
	$ 999	$ 902

7. Pension liability

	1985	1984
	(in thousands of dollars)	
Transfers from		
Operations — provision	$ 388	$ 434
— investment revenue	4,361	3,289
	4,749	3,723
Future claims liability (Note 8)	2,337	2,574
Contingency reserve (Note 9)	3,009	2,788
	10,095	9,085
Less: Pension payments	3,059	2,418
Increase for the year	7,036	6,667
Balance at beginning of the year	26,713	20,046
Balance at end of the year	$ 33,749	$ 26,713

8. Future claims liability

	1985	1984
	(in thousands of dollars)	
Transfer from operations		
— provision	$ 6,540	$ 7,038
— investment revenue	2,221	1,593
	8,761	8,631
Less:		
Claim payments	2,213	2,157
Transfer to pension liability (Note 7)	2,337	2,574
	4,550	4,731
Increase for the year	4,211	3,900
Balance at beginning of the year	16,794	12,894
Balance at end of the year	$ 21,005	$ 16,794

9. Contingency reserve

	1985	1984
	(in thousands of dollars)	
Transfer from operations		
—provision	$ 3,045	$ 3,946
— investment revenue	1,736	1,585
	4,781	5,531
Less:		
Claim payments	545	337
Transfer to pension liability (Note 7)	3,009	2,788
	3,554	3,125
Increase for the year	1,227	2,406
Balance at beginning of the year	14,440	12,034
Balance at end of the year	$ 15,667	$ 14,440

During 1985, the Board revised the limits at which claims cost assistance is provided to the industry sub-classes of the operating reserve which resulted in a transfer of $2,604,000 from the contingency reserve to the operating reserve. The Board also revised the limits for making annual provisions for the contingency reserve, which resulted in a reciprocal transfer of $1,975,000. These changes resulted in a net increase in the operating reserve of $629,000.

10. Actuarial evaluation

An evaluation by the actuary indicated that at December 31, 1985:

- the pension liability of $33,749,000 (1984 - $26,713,000) is $3,373,000 (1984 - $2,519,000) in excess of the actuarial liability and the excess is being retained to help provide for future pension increases; and that
- the future claims liability of $21,005,000 and the contingency reserve of $15,667,000 are appropriate to meet the future costs of claims that have occurred or are likely to occur.

Pension increases effective July 1, 1986 have been granted in respect of all active pensions as of July 1, 1985. These increases will result in an additional liability of $4,682,000 which will be funded in 1986 through the actuarial surplus in respect of the pension liability and a transfer of $1,300,000 from the contingency reserve.

11. Merit rebates

Actual 1984 merit rebates of $1,871,000 were paid to qualified employers in 1985, which was $231,000 greater than the provision for those rebates. The under provision was charged to the industry classes during 1985.

12. Administration and general expenses

	1985	1984
	(in thousands of dollars)	
Salaries and benefits	$ 2,028	$ 1,910
Office accommodation, services and supplies	774	710
Computing services	660	706
Professional services	403	326
Travel	180	173
Board members	140	109
Medical services	113	113
Safety program	51	50
	4,349	4,097
Less:		
Assessment penalties	104	138
Sundry revenue	22	10
	126	148
	$ 4,223	$ 3,949

13. Contingent legal claims receivable

The Board has a number of legal claims outstanding for recovery of compensation expenses from third parties. These claims are not recorded in the accounts because of their contingent nature. In the opinion of management and the Board's legal representatives, it is expected that the Board will recover approximately $500,000 which will be credited to the contingency reserve as recovered.

14. Commitments

The Board leases office space under lease agreements which expire December 31, 1987 and is committed to basic rental payments aggregating $575,000 as follows:

	(in thousands of dollars)
1986	$ 287
1987	288
	$ 575

15. Related party transactions

Under an agreement with the Board, the Government of the Northwest Territories pays and is reimbursed for payroll costs of the Board together with administration fees aggregating $46,000 (1984 - $48,000). Payroll costs not reimbursed at year end of $575,000 (1984 - $514,000) are included in accounts payable. In addition the Government paid workers' compensation assessments to the Board in the amount of $679,112 (1984 - $589,000) less merit rebates of $39,000 (1984 - $117,000).

Actuarial Opinion

As Consulting Actuaries to the Workers' Compensation Board of the Northwest Territories, we have reviewed the liabilities of the Accident Fund as at December 31, 1985. We are satisfied from general tests of the data, that it fairly represents the position at the valuation date, and is adequate and reliable for the purpose of the valuation.

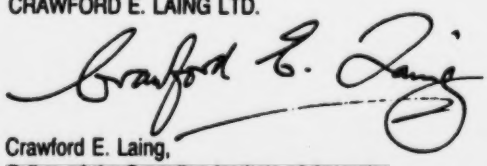
IN OUR OPINION, on the basis and assumptions set out in our Report dated May 30, 1986, the liability of the Pension Fund in respect of awards for Post-1976 accidents, and increases in pensions up to December 31, 1985 is $30,375,857. As the Fund available was $33,749,298, there was a surplus at the valuation date of $3,373,441. We recommend that this should be retained in the Pension Fund to provide for Supplementary Pension Increases which will be granted with effect from July 1, 1986, and which will cost $4,682,064 based on the Pensioner data at December 31, 1985. We recommend that an amount of $1,300,000 be transferred from the Contingency Reserve to the Pension Fund, with effect from January 1, 1986, to provide for the balance of the cost of these increases.

WE CONSIDER that the Future Claims Provision of $21,005,600 (including the provision for 1985 accidents of $6,540,100) is sufficient to meet both the future cost of reported claims, and the cost of possible unreported claims, in respect of Accidents which have already occurred, and which will be charged to this Reserve, excluding amounts which will be the responsibility of the Contingency Reserve.

WE ALSO CONSIDER that the balance in the Contingency Reserve of $15,667,500, including the appropriations from Classes during 1985 totalling $3,762,000, together with future appropriations from Classes in respect of Pension Increases, is sufficient to meet future costs in respect of accidents which have already occurred arising from:

(i) Diasters and other costs in excess of the limits set for retention and stop-loss purposes;
(ii) Rehabilitation of injured workers;
(iii) Industrial Diseases (including Silicosis); and
(iv) Enhancement of claims as a result of previous injuries.

Respectfully submitted for
CRAWFORD E. LAING LTD.



Crawford E. Laing,
Fellow of the Canadian Institute of Actuaries
Fellow of the Faculty of Actuaries in Scotland
Fellow of the Conference of Actuaries in Public Practice
Associate of the Institute of Actuaries
Associate of the Society of Actuaries

President and Actuary May 30, 1986

Schedule of Long-Term Investments at December 31, 1985

Security		Maturity Yr/Mo/Day	Par Value	Market Value	Amortized Cost
Government of Canada	12.00	87-03-05	$ 900,000	$ 940,500	$ 915,602
Government of Canada	9.25	91-03-01	500,000	500,000	493,750
Government of Canada	12.75	92-11-15	900,000	1,028,250	900,000
Government of Canada	11.75	92-12-15	1,500,000	1,655,700	1,570,105
Government of Canada	10.75	93-05-01	3,000,000	3,180,000	3,012,385
Government of Canada	11.50	93-12-15	1,000,000	1,098,800	994,000
Government of Canada	9.50	94-06-15	4,000,000	3,995,200	3,970,000
Government of Canada	12.75	94-10-01	1,000,000	1,163,750	1,132,913
Government of Canada	12.50	94-12-15	8,240,000	9,496,600	8,976,217
Government of Canada	11.25	95-04-01	2,000,000	2,180,000	2,020,698
Government of Canada	10.50	95-06-01	4,600,000	4,847,480	4,624,835
Government of Canada	10.00	95-10-01	1,000,000	1,025,000	1,021,000
Government of Canada	11.75	03-02-01	7,665,000	8,584,800	8,403,886
Government of Canada	12.00	05-03-01	1,785,000	2,030,438	2,021,512
Government of Canada	12.25	05-09-01	680,000	786,250	745,745
Government of Canada	11.75	08-10-01	1,945,000	2,180,831	2,072,024
Government of Canada	11.00	09-06-01	4,750,000	5,023,125	4,847,263
Government of Canada	10.75	09-10-01	300,000	316,500	314,250
TOTAL GOVERNMENT OF CANADA			45,765,000	50,033,224	48,036,185
Province of Ontario	11.25	89-03-07	1,000,000	1,046,300	1,005,162
Ontario Hydro	11.50	90-02-01	5,500,000	5,843,750	5,717,317
Province of British Columbia	12.00	93-10-20	2,500,000	2,687,500	2,491,188
TOTAL PROVINCIAL			9,000,000	9,577,550	9,213,667
Transalta Utilities Corp.	9.375	90-11-01	1,100,000	1,087,680	1,015,604
City of Edmonton	12.25	93-03-15	2,000,000	2,182,600	1,968,638
Nova, an Alberta Corp.	12.125	93-07-15	1,500,000	1,642,500	1,481,401
C.I.L.	12.375	93-12-15	500,000	554,400	497,500
TOTAL CORPORATE			5,100,000	5,467,180	4,963,143
			$59,865,000	$65,077,954	$62,212,995

Summary of Benefits 1986

Rate of compensation — 75% of gross income to $30,400 maximum.

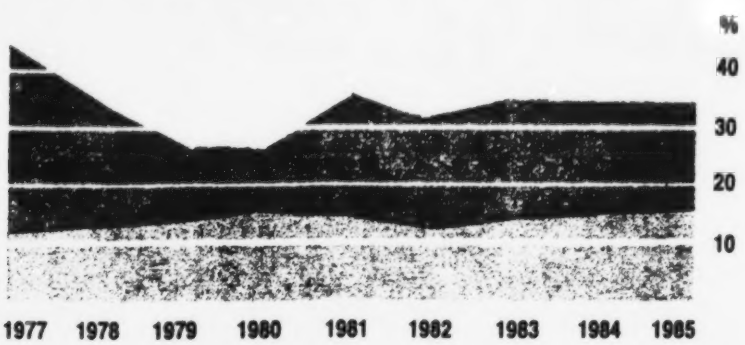
Temporary total disability:		
Maximum compensation	per week	$ 438.46
Permanent total disability:		
Maximum pension	per year	$22,800.00
	per month	$ 1,900.00
Dependants' benefits (Fatal accidents):		
Widow or widower's pension	per year	$10,032.00
	per month	$ 836.00
Pension for each child	per year	$ 2,280.00
	per month	$ 190.00
Maximum pension for other dependants where no spouse or children	per year	$10,032.00
	per month	$ 836.00
Immediate allowance (lump sum)		$ 1,216.00
Additional contribution (lump sum)		$ 1,216.00
Re-marriage allowance (lump sum)		$10,032.00

Schedule of Administration and General Expenses

for the year ended December 31, 1985

	1985	1984
	(In thousands of dollars)	
Salaries, wages and allowances	$ 1,866	$ 1,760
Employer share of benefits	162	150
Computing services	660	706
Office lease and renovations	318	319
Professional services	237	190
Travel	180	173
Investment portfolio management	166	136
Board members	140	109
Office furnishings and equipment	124	108
Office services and supplies	120	112
Medical services	113	113
Communications	109	87
Safety program	51	51
Administrative services — Government of the Northwest Territories	46	48
Advertising and public information	31	15
Miscellaneous	26	20
	$ 4,349	$ 4,097
Less:		
Assessment penalties	$ 104	$ 138
Sundry revenue	22	10
	126	148
	$ 4,223	$ 3,949

Historical Trends



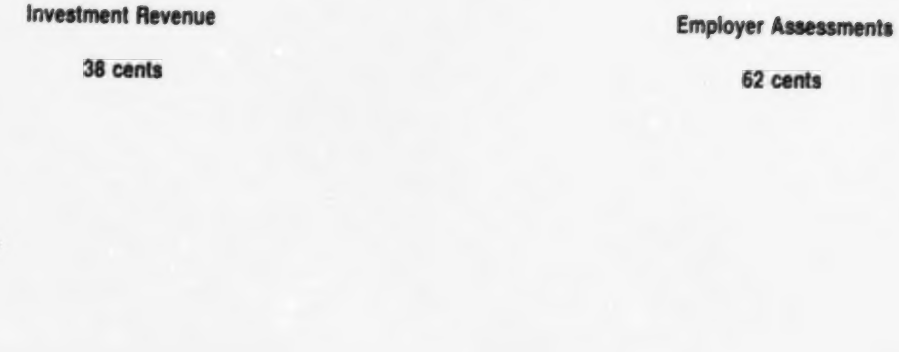
Administration and General Expenses as a percentage of operating costs (note 1)

Administration and General Expenses as a percentage of total revenue

Note 1: Operating costs include compensation, medical aid, rehabilitation, pensions and claims, administration and general expenses.

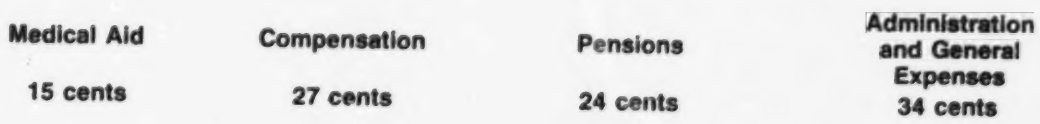
The Ins and Outs of 1985

Where every dollar of revenue came from:



Revenue $26,528,000

Where every dollar paid out went to:



Paid out $12,496,000

Rehabilitation:

Case Load 1985

	Number of Cases
As at January 1, 1985	191
New or re-opened cases in 1985	149
	340
Closed during 1985	127
Case load as at December 31	213

Province of residence following the Industrial Injury

(Injured workers, resident outside the Northwest Territories, who received rehabilitation assistance from the Board in 1985)

Province	Number of Cases
Newfoundland	10
Nova Scotia	8
New Brunswick	8
Quebec	8
Ontario	8
Manitoba	15
Saskatchewan	11
Alberta	98
British Columbia	49
Yukon	1
	234

Pensions

as at December 31, 1985

Permanent Disability Pensions
Pensions by degree of disability

Degree of Disability (percentage)	Number of Pensioners
10-19	195
20-29	44
30-39	23
40-49	4
50-59	10
60-69	4
70-79	5
80-89	1
90-99	0
100	13

Widows' and Dependant Children's Pensions

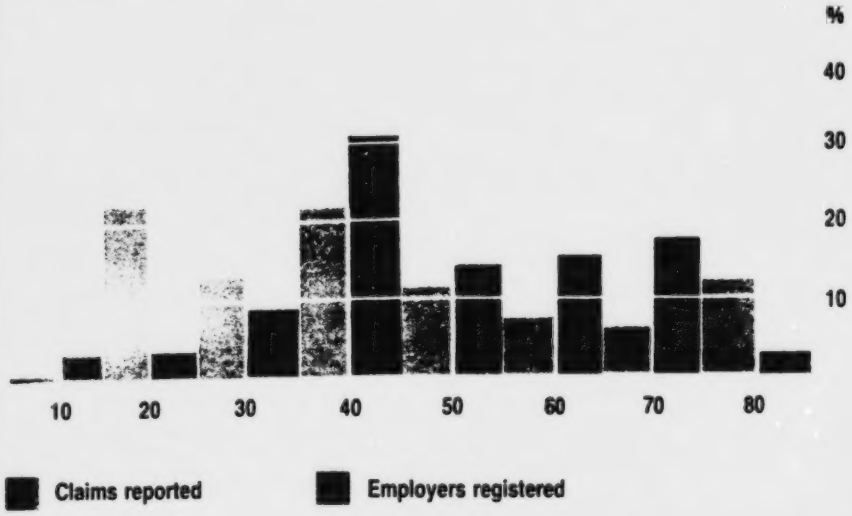
Type of Pension	Number of Pensioners
Widows	75
Dependant children	101
Foster parent	2

Accidents Reported 1985

PART OF BODY	NUMBER OF CLAIMS
Head	59
ears	49
face	54
mouth	19
nose	7
eye	449
Neck	31
shoulder	93
Upper arm	38
elbow	65
forearm	85
wrist	75
hand	232
thumb/fingers	491
Back	563
abdomen	41
chest	53
Upper leg	38
hip	18
knee	163
Lower leg	65
ankle	120
foot	174
toes	37
Body systems	40
Multiple	256
non-personal	49
Other	55

TYPE OF INJURY	NUMBER OF CLAIMS
Amputation	12
Laceration	454
Puncture	90
Sprain	151
dislocation	29
hernia	16
Strain	789
Crush	101
Fracture	138
Contusion	619
Foreign body	325
abrasion	71
burn (heat)	76
burn (chemical)	47
temperature effects	8
welding flash	29
industrial disease	43
dermatitis	12
synovitis/tenosyn	12
fume inhalation	33
non-personal	49
Multiple	170
Other	145

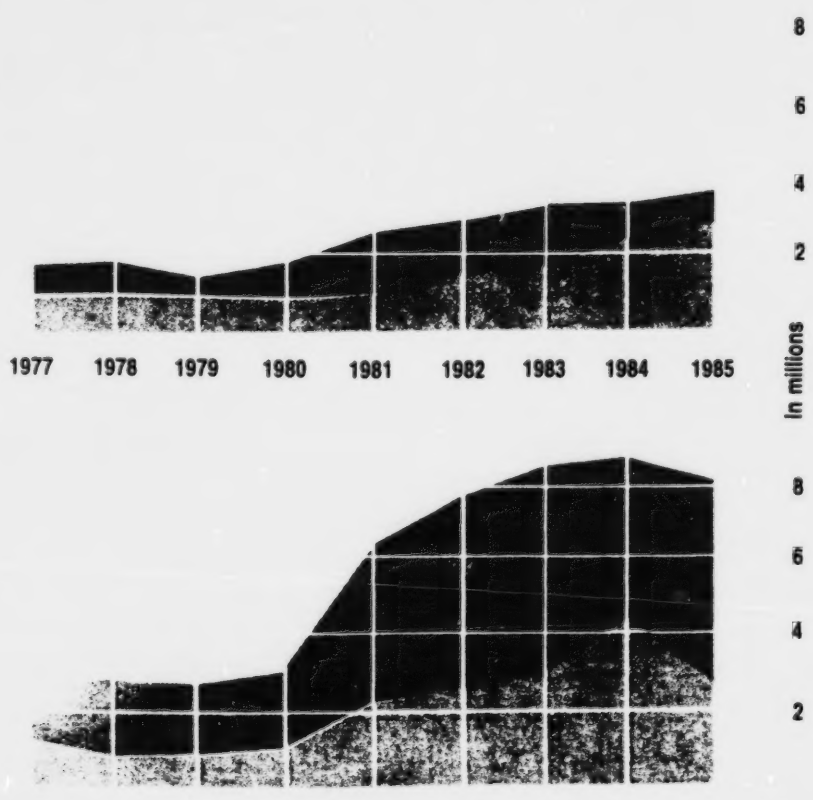
Percentage of total employers and claims by Class



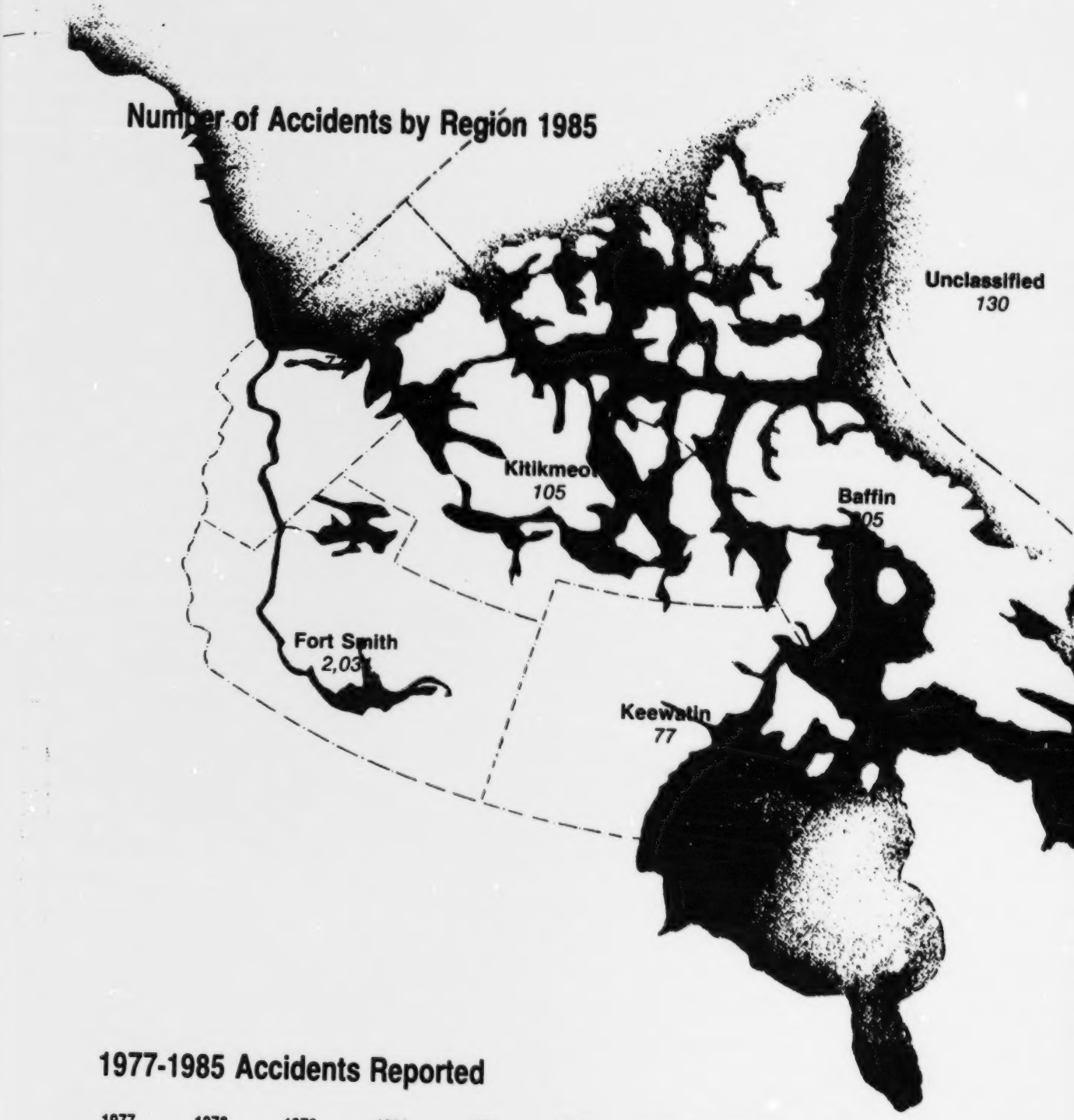
Industrial Classes

10 Renewable Resource Industries
20 Mining
30 Oil and Gas
40 Construction
50 Transportation, Communication and Utilities
60 Trades
70 Services
80 Public Administration and Defence

Assessment Revenue by Classes 1977-1985



Number of Accidents by Region 1985



1977-1985 Accidents Reported

1977	1978	1979	1980	1981	1982	1983	1984	1985
2,265	2,317	2,394	2,626	3,109	3,142	2,807	3,355	3,419